The Stupendous Tale

By amarynth | Jul. 15th, 2022

"Gold is money, everything else is credit"

J. P. Morgan.

Tarik in the Vinyard for the Saker Blog

Empires, dynasties, new eras, they rise not on ideological abstractions or brute force, but with intellectual or moral discipline. Then they wither not by rigorous reason or righteous fury, but with pompous and extravagant proclamations. That's just the way it is, that's what they all do.

This particular version of the age old tale, starts with an obscure, yet brilliant Rothschild guy hijacking the Bank of England and its reserves, which handed him the control lever on "The Empire On Which The Sun Never Sets". In these early years, decades, it was essentially a mom-and-pop sort of Empire, with brothers, fathers and sons, bonded by blood loyalty, holding the strategic financial centers in Europe and dominating gold/money and currency flows. As they expanded, particularly to the Americas, they "recruited" other families, bonded more loosely by common interest and world objectives instead of blood ties, to share the increasing management burden. Their descendants and successors would later morph it into the more blunt "Exceptional Empire".

As they spread their influence, the arch-principle for control of the various monetary authorities they spanned, consisted in never keeping to much of their gold in one jurisdiction and promote a "healthy" rivalry between the hosting states, so that no one host could forcefully reclaim its monetary sovereignty lest they be financially sanctioned by the others. This control of the international gold circuitry granted them immunity to the vagaries of currency cycles to which traditionally secular authorities succumbed, and insured they always dominate international financial allocations. Thus they could not only determine economic, industrial and military trends, but equally political, ideological and academic theories through funding of political parties, think tanks, universities, medias and any number of societies and intellectuals as suited, and with astonishing continuity across borders and time spans. Conversely they could kill a trend, idea or character by starving it or burying it under the competition. Zionism and its twin Wahabism, Communism, Socialism, Capitalism, Marx, Freud, Darwin, Keynes, are just a tiny sample of such targeted promotions.

Actually, it could safely be said that the entire sociopolitical and cultural achievements of the West over the last couple centuries was thus tailored.

The character of a Bankers dynasty is cold, pragmatic and venal, it cares not for ideologies or greater causes, its exclusive allegiance is to their One God: Money. While the "promoted" genuinely believes in his cause, or else is corrupt enough to sniff a self advancing opportunity, it's highly unlikely the "promoter" would believe in any of it; they're merely tools chosen to an end. Their strength and span may be modulated at will and no risk through the use of diluted currencies, or disposed of if/when obsolete. The astute analyst would be well advised to separate the noise from the melody.

They kept that discipline and methodology remarkably consistent, regulating economic boom and bust cycles, carrying innumerable large scale scams, sociopolitical events or wars, extracting a little more of the people's and nation's wealth at every cycle, while shaping history to their liking. That is, until WW2.

Arguably the Empire reached its apogee with the largely successful conclusion of their biggest scheme yet: WW2. They probably hoped for the world, but eventually had to renounce Russia, China and the satellites around them. Still, they controlled the main Central Banks of the "Free World", 2/3 of all sovereign gold, and the most powerful standing military force in those days: the US Army. The apogee is typically the time of maximum potentiality, while pride and hubris compels to forsake that which elevates, and commit to that which lowers. It is also when the interests of the right hand start to increasingly diverge from those of the left, and internal dissent grows til the eventual fracture. And finally, it is when wisdom would normally recommends a measured pullback to a manageable and defensible position, but rarely does the wise climb Mount Olympus.

At that point the Empire's banker oligarchs – the Rulers – were geographically split between the Old World fiefdoms and those that moved to the New World, which incidentally and uncharacteristically held all the sovereign gold and military power. Enough to make heads spin? The Breton Woods arrangement, by its very design, guaranteed the eventual redistribution of the gold stash to each fiefdom's Central Bank – not unlike a gang of bank robbers would meet after a heist to split the bounty – thus reestablishing the traditional monetary discipline that so well served them.

But then 1971 happened, and the redistribution process was interrupted.

After the war, USSR industrial production was spilling over to the world. This put them in direct competition in global trade with the "free world". The Law of Supply and Demand commanded a substantial portion of the hard earned gold

released through Breton Woods, milked through centuries long strenuous mischief, would find its way back to the "proles". An Iron curtain was quickly knit to avert the flow. The combination of excess industrial capacity, relatively modest demographics and severe restrictions to international markets, would actually doom the Soviets to a slow drawn out death. But it also introduced an internal conundrum between the Imperial factions.

Because the financial/industrial/military realities imposed the brunt of the Soviet economic containment effort on the US, the resource strains and expensive wars were monetized. Monetization and high prices, like joy and pain, sooner or later must meet. So the dollar was being de facto devalued. Problem was, the Bretton Woods' gold peg. Intentionally or not, the US Demigods were being positively fleeced of their gold by their European cousins, whom meanwhile were also busy "reconditioning" their colonies for consumption in the new great consumerist world they were all hell bent on building. Hence 1971.

After some initial grumbling and gnawing, the European fiefdoms understood the US couldn't restrain the USSR much longer without their full support of the dollar. And, particularly from a European perspective, if the Soviet gained free access to the world economy, the 500 years plunder of Africa (and the Middle East) would be substantially diminished, even terminated. It can never be stressed enough, without the looting of Africa, the bedrock, the material base of European power is gone, by by, never to be seen again. They would then quickly revert to small or medium economies, fairly inconsequential and dependent to the broader world, and Russia in particular. And thus they committed to their first capital mistake: they postponed the repatriation of their gold. Their forefathers must have jerked in their tombs.

"The trouble is, you think you have time."

– Buddha –

They probably thought they had time.

Time to see the USSR collapse before the dwindling of their collective gold stash gets too far. Because practically that is what supporting the dollar ultimately came down to. Closing the gold window meant they had to write the dollar and associate currencies a new pedigree of sort, to receive the "Free World's" approval. To the academia and media they threw the "Petrodollar", the "Eurodollar" (I'm surprised they never came up with the "Nippondollar", or did they?) and a few "new monetary theories" to the mix, to chew on and disseminate. Then they needed convincing central banks worldwide to fully support dollar issuance. Technically, dollar reserves would now be exchanged for

US bonds instead of gold, while crucially local currencies must be devalued in tandem to mask the dollar's own dilution and retain their trade advantage to insure a steady dollar outflow to the world for further US debt financing. The so called petrol backing is window dressing, they might as well have coined the "plastic gadget dollar" or "candy dollar" for that matter; oil just sounded somehow somewhat more credible to the gullible and easier to spell out loud with a straight face. Few would realize that it didn't just allow for guarantied US debt financing, but equally forced the US treasury to accumulate debt whether they wanted it, needed it, or not. Thus fueling consciously or not, a quest of mythical perpetual economic growth, and determining all future socioeconomic and geopolitical strategies.

And so Europe was a done deal. Japan, after two atomic bombs and tens of thousands US soldiers idling on their shores, received Washington's suggestions like a seventh century Arab shepherd would receive Quranic verses. The Middle East were offered protection against phantom threats. Etc, etc.. From a business perspective, to all, it was like they were told: "I promise I'll promise to pay you". And with each round of finance, another layer of promises gets piled. The whole proposition is so devoid of sense, only a pointed canon, or vested interest, could possibly enlighten the mind.

But the international markets wanted nothing to do with it, and the gold price broke out from 35$/ounce to reach 800$ by the end of the decade (along with oil and the entire commodity complex), and a 13% inflation handle. Only Volcker's (in)famous interest rate hike to 20%, would restore order. But it also threatened, again, the US' financial ability to keep the Commies under wrap.

We get a number of salient takeaways from this episode. To start with, 13% inflation is no joke, could have easily spiraled into a runaway type. The markets could have shrugged off the 20% interest rate and instead requested a return to a gold standard. Bear in mind, it took a full 7% above the prevailing inflation rate to be credible. Had the markets not believed the dollar was solvent at 20%, any level would have been futile. Thankfully the FED at the time still retained officially 8000 tons of its gold and its formidable military. It really was a close call.

This all suggests the closure of the gold window was a botched, precipitated move. They got caught off guard by the markets, something that never happened in their 200+ years of reign. They always had a safe haven from which they pulled their strings. First in the City of London to take over Europe and its colonies, then fortress America to pull WW1 & 2. which they just nearly let shred to pieces by out of control market forces, due to their contempt, or was it forgetfulness (the intoxication of power?) of the human foundation of the economy: the

bloody producers, entrepreneurs, business and saving community! And they used to always have someone on the receiving end of those major market swings, meaning they had clear goals. But not this time, no visible gain or purpose, even with 50 years of retrospect. We're talking about the proud heirs to the financial conquerors and slayers of kingdoms, nations and empires, getting nearly caught pants down at their own games, like amateurs.

It further indicates, since the end of WW2 they've been busy improvising, rather than planing, pressing their advantage to gobble every remaining geographical niche; instead of pulling back a step or two to consolidate their power base before, well…planing again. Inability to plan betrays either irreconcilable differences, sloppiness or plain stupidity, or all of the above (hope I didn't miss anything). What comes next will confirm this assessment.

So the final – and hardest to get – endorsement required for a fiat dollar, was from the business community. Typically this crowd doesn't take nicely to either empty promises, intellectual abstractions or physical threats. However they do react well to profits. In the aggregate, anything above inflation is profits. There are two available performance benchmarks against inflation: Interest rates, and gold's price. The former is easy to temper with (only need a pen), the latter is very expensive. Hence, if in the aggregate profits are higher than prevailing interest rates (easy) and gold performance (very expensive), the dollar will be tolerated. Particular effort must therefore be spent on taming the gold price as we entered the eighties.

Followed the greatest (most "lucrative" too, if measured in nominal dollars, but a disaster measured in gold) shell game ever played in human history and incidentally, their fatal mistake. They started selling the precious metals futures, settling the exercised contracts that couldn't be filled through the market, by leasing the reserves, and other sovereign gold they held in custody, to the bullion banks in charge of operations. The leasing trick allowed them to keep ownership on the treasury's bookkeeping, hoping it would conceal the physical leaks. Interest rate could be brought down and dollar production could now be cranked up "safely" as "needed". On the surface it looked a resounding success, It allowed the dollar to outlive the USSR and tempt China into the system, not to mention the godlike powers the now exorbitant privilege bestowed. So resounding in fact, it seems it covered all voice of reason. The entire apparatus: the media, academia, political bodies, business community, and amazingly the bankers themselves started believing in their own deceptions.

Underneath the surface however, the strategy hid in its bowels some unspeakable flaws. The most consequential related to the shiniest metal and the military.

When monetary systems die, gold is the cinder on which the economic phoenix rebirths. Whoever holds the gold, determines the shape of the next round. Their genius had been to exploit the irresistible compulsion of the political class to debase their currencies to either indulge in grandiloquent policies, solve the resulting socioeconomic problems, or wage hubristic wars. So it is most telling when this new generation of Money Titans forsake that which elevated them (gold), their very power core, in favor of the very weakness they used to pry on so successfully and understand so well. However it really shouldn't come as a surprise, since the further away the inheritor of fortune stands from its original creator, the less understanding of the means and stronger the sens of entitlement.

It was as if the parasitic relationship became so intimate, the parasite completely identified with its alpha host to the point of both becoming indiscernible. In plain words, they fully reverted from an international monetary power based empire, to a classic military/industrial power based on the USA. They still benefited greatly from the existing international monetary/financial network/structure inherited, but as the gold reserves dwindled so did its effectiveness and natural cohesion, while grew its reliance on the military. Therefore, as time went by, they increasingly became subject to the same influences that affect all empires, whilst still thinking in money power terms, but comprehending neither.

One of the built in self destruct mechanism of empires, other than currency debasement but closely related, lies in their use of the military. Defensive policies are relatively cheap, but still a significant burden to an economy. An offensive or coercive force is much more onerous, up to an order of magnitude or more; no economy can carry that weight on its own for long. Such armies must be put to profitable use or mothballed. Conquest wars are often highly profitable: you enter the land, the loot is there for the picking. Retaliatory or punitive wars are the worst, they're like looting one's own house. They destroy previous investments which must be refinanced on top of the expedition's expenses, to restore their economic contribution. As an empire expands, the required military growth is self funded by the spoils. But all expansionary dynamics are subject to the law of diminishing return. With each new territory, a growing portion of the armed forces gets tagged to maintain "peace", and less is available for conquest, while spoils get relatively smaller and increasingly inadequate. Once the expansion reaches its limits, the burden of military cost falls squarely on the economy through higher taxes. With tax induced economic strains, dissent and disorder spreads resulting in still higher expenses (military and otherwise), that then must be met through monetization, which begets inflation, which begets dissent and disorder; and the vicious circle is now locked.

They used to understand those things (the fathers of our modern day demigods), and exploited them to their grand advantage. Yet for the next forty years and counting, their descendant followed this exact same script for themselves, with no safety valve in place anywhere in evidence to save their skins when that cycle runs its course; other than such inanities as carbon credits, brain implants, META economics and related eugenicist hallucinations as an excuse to turn the soon to be trillions into quadrillions. But we're getting ahead of ourselves.

Not so long ago it was customary to say China was sleeping. Nonsense! China paused, observed, studied its object, and when ready indulged the Empire's invitation to dance. King Dollar entered a waltz hoping to lead (essentially make China a dollar recycling station), while Queen Yuan had its own salsa steps in mind. Thus started an awkward performance that would turn increasingly out of step as time passed by. The immediate consequence however was that the US could now redeploy considerable military resources from the Far Eastern theater.

In their perpetual quest for dollar conduits they set their mind on capturing shares of the CFA sphere in Africa. Recall the reason the European cousins indulged the dollar was to prevent the USSR from competing on that same continent, and the henchman was now turning against them. From insult to injury. The Americans must have felt justified, after all they were carrying the bulk of the containment effort. The Europeans on their side put new impetus on the EU and Euro project.

During "Bretton Woods", the nascent EU/Euro project was undoubtedly meant to crystallize around the "repatriated" gold. The "Masters" required a second colossus to tackle efficiently the two rogues: Russia and China. But its purpose also revolved around the notion that the US had become disproportionately larger than any of its European counterparts, therefore a balance needed to be restored lest Washington/New-York (presciently) start contemplating pursuing ambitions of its own. That was then.

By now, for Europe it became a matter of opposing the US$ encroachment in their backyards worldwide by shear volume of money. For the US the feeling must have been mixed. On the one hand, their clipping at European spheres of influence would be dearer, but on the other it made the European Union a better US$ sponge than the sum of its members. But perhaps more importantly, the creation of a functional Euro would provide the appearance of validation to the whole fiat monetary system concept.

And what sort of creature is this? Well, a fiat currency bill is in essence a promissory note of payment. So the fiat monetary system is the backing of one promise by another, and vise versa for all reserve currencies. What is left

unmentioned or barely mumbled, is: promise to pay what? More paper bills, or is it digital signals now? Oh silly me! It's a promise that may or may not be kept, to exchange an unspecified future production that may or may not be produced, at an undisclosed price which nonetheless will probably be substantially higher than hoped for. A simpler mind however might wonder where did the real dough actually got lost in all this virtual money bouillabaisse?

It was being gobbled up by Arabian oil princesses and brides, whose exploding savings were blissfully spared fiat bank account holdings by Quranic verses against usury, and instead were held in non interest bearing hard cash or precious metals and stones. We're talking 1980's billions. Our Money Wizards then "invented" with the support of big Arabian oil money and the blessing of "appropriate" Muftis, modern Islamic finance to lure Arab savings into the fiat system quite successfully. By the nineties, gold prices were being decimated. However South East Asian and Chinese economies were slowly maturing and their public was ready to take in the cheap Arab and Bullion banks' gold released on the markets, as did the PBOC for quite a while already.

Meanwhile the USSR was no more. Its constituent republics, Russia chief among them, dutifully applied IMF instructions, and mothers in Moscow turned prostitutes, and fathers turned drunkards or street thugs. The looting was perhaps worse than in Africa, if it were ever possible. Europe got all the natural resources it could hope for at a heavy discount (compensation for US grabs in Africa and/or backing of the coming Euro, petrodollar style?), the US could throw Russian gold reserves on the market to hush its price further, while the Russian Oligarchs sent their obscene profits to London, Geneva, New York, to be "advised" by the big private wealth management houses. The West in its entirety was exhilarated by the "Victory" of this post 1971 excretion of "Capitalism" over "Communism"; both China and Russia, the left overs of WW2, were now under Dollar chaperon.

Or were they?

On the monetary front strains were mounting, reaching climax in 1997-1998 with the combo implosion of Russian default, LTCM and SE Asia crisis. Followed the Y2K "end of digital time" scare to justify the hundreds of billions needed to stabilize the markets, and pumping the NASDAQ to orgasmic highs, only to blow up soon after in 2000 just in time to greet the new born Euro. All while gold was being crucified with outright direct market sales of Central bank reserves, to facilitate the undisturbed Euro delivery to the world, as a vote of confidence in NMT, and make sure no one gets funny ideas. Those sales continued a little while with the SNB selling a further 1500 tons between 2000 and 2008, coinciding with

the subprime bust and the resulting Great Recession. Shortly after central banks around the world became net physical buyers ever since, and ended all direct sales.

The 1997 sequence and what followed, revealed the coming home of some disturbing roosters. Remember price inflation in the street must be controlled. That kind of inflation always starts in the commodity's markets. Therefore the world at large couldn't be allowed to develop lest the demand on resources explode and reveal the true worth of the dollar. But the latter relentless deployment requires persistent industrial production capacity increases and, crucially, a corresponding growth in consumer demand to sustain the exponentially inflating debt markets. Do you see a problem? Well 1997 was the year world excess production could no longer be swallowed by the western consumer alone. The Japanese bubble burst in the early nineties already hinted at the issue. Later, the system critical size a fund like LTCM would reach, showed a growing share of dollar liquidity in its quest for returns, could find no better use than going to the casino. Because this is what such algorithm based hedge fund's investment strategy are selling: lottery ticket winning formulas. This trend towards fantastical investment pursuits instead of productive ventures, would then turn mainstream. First in the form of NASDAQ bubble and the internet of things' promises of infinite liberty, prosperity and fun, followed by grotesque profits in selling mansions to the unemployed and unemployable, and much more to follow shortly as the planet sank deeper into dollar inebriation.

The Russian defaults was a banker's cartel classic rinse and wash operation; standard builtin mechanic that rejuvenates third world countries plundering. What stood out though, is its spread to SEA, the shear size of it, and the severe repercussions exposing the stretching of the financial system and its fragility. It is one thing to pull the rug underneath "one" economy, it is an entire different thing when done to one of the main resource and industrial production regions of the world supporting the US$. Which suggest, again, an element of surprise. What must be kept in mind is, the post 1971 monetary construct was always, from its first day, an inherently unstable edifice perpetually on the verge of disintegration. Its only guiding principle is: pump, pump, pump, and whip ever more vigorously the rowers on the boat. That the "Soros" of the world learned to profit from those credit cycles, doesn't mean they are masterminded; only that they are predictable, inevitable and no less of a threat to the system. As a matter of fact they get more threatening as the required monetary intervention is proportional to the exponential increase in liabilities each round compounds.

While foreign capital's flight annihilated FOREX reserves, the Asian Tigers meowed and loaded up on IMF loans, with US destroyers sailing in the

background, and the dollar printing press working overdrive to save the world from a software bug. But Beijing broke the line and blocked all foreign capital movements until the West cleaned up its mess in the area and stabilized the markets. No one was gonna get Chinese assets on the cheap. Not only did they have the atomic bomb, the reserves they held hostage already counted in trillions; which to a dollar master of the universe is possibly even more frightening.

From that point onward China became ever more vocal about the need to rebalance the dollar's share in world trade and finance. Plus they had a plan that would manifest politically first with the SCO, then a long list of ever broader encompassing institutions that would constitute the legal frames for the coming BRI. And Providence would soon throw them an Ace in the shape of one Vladimir Putin.

Of course the West and the US in particular, completely ignored Chinese appeals comforted by the double edge sword nature of those trillion dollar reserves, and their strangle hold on Russian resources. Because the billions issued to stabilize the markets could not reach these "would have been" cheap Chinese assets, they fueled instead the techno stock indexes. Then as the techies went pouf, the printing presses in response, doubled, tripled, quadrupled down on the real estate market; the only remaining traditional sector with a fighting chance to absorb the exponential flood the Chinese now stubbornly refused to channel any longer.

As we entered the millenium, rivalries within the Empire were flaring up again after the brief pause the looting of Russia provided. Now that Beijing was scaling down its dollar reserves in favor of Euros and gold, Washington urgently needed new sinkholes for its greenback, to somewhat relieve the direct pumping of its asset markets. Saddam's "food for oil" with the EU and France in particular, was good to go. It helped both, in fueling more oil in the petrodollar, and reassert its suzerainty over the EU while hopefully devalue Chinese Euro reserves. They then answered China's SCO with Afghanistan. With Iraq already down, the Idea was to isolate the four main Asian poles of power that are China, Russia, India and Iran. As a matter of fact, 9/11 and corresponding legislation, instead of the proclaimed war on Terror, was America declaring good old fashion war on all dissenters of the world.

Meanwhile another issue showed its ugly head again and was reaching critical mass. Recall that pesky unruly entrepreneurial and business community? Well, as their centers of production and customer base moved East, their interests followed suit, and thus their loyalties and allegiance incentives. As the new

century came to be, so did a new investment vehicle: the ETF. It was sold as democratization of the stock market, allowing the online retail investor to mimic the big traditional Funds without the entry and exit restrictions and high management fee structure characterizing the latter. You should seriously freak out anytime a money kingpin hands you candies. According to frighteningly cunning Nomi Prins, the buyer of an ETF effectively transfers his voting rights in the underlying equities to the fund managers, which in turn are controlled by the sponsors, themselves owned by handful of titanic investment power houses whose combined assets today total 20 trillions US$. Half of this held by Blackrock alone, and another quarter by Vanguard. The larger the ETF market grows, the larger the voting right of those entities over corporate decisions and strategies. Whats more, they get paid for it by the greed animated retail investors (the very ones that whine about the onepercenters) through the funds' management fees, and with no capital proper at risk for their voting choices. Financial Poetry. As ETF popularity spreads and later further pumped up by CBs direct investment (FED, BOJ, ECB, SNB...), so will the Kyoto protocol finally gain economic traction, as will WEF agendas on green energy, LGBTQ corporate culture and what have you not, and now "spontaneous" corporate sanctions on Russia over Ukraine.

Still, as previously alluded, from 1983 onward, the PBOC started purchasing the excess gold released from the Bullion banks and later Arab supplies, but were careful enough not to disrupt the price suppression scheme. Ever heard the expression "bad money chases good money"? The opportunity was too sweet to pass. They could build a complete, modern, state of the art economy for 1.3 billion souls with paper bills while saving gold at a deplorable discount. See, through out the closing decade of the XXth century, the commodity's markets were at their most suppressed stage. The entire sector saw its profit margins virtually disintegrate, while gold was selling at less than its production cost. According to top notch analysts from the sector, such as Alasdair Macleod, Simon Hunt and others, by year 2002 the Chinese estimated undeclared gold stash was already in the vicinity of 20 thousand tons. The same source tells us by now Russia caught up with Beijing, acquiring a stealth stash of 12000 tons. In contrast to Chinese figures, I haven't had the opportunity to read the investigative study concerning Russia, but I know these guys to be no nonsense, stick to the fact type. So I can see little reason to doubt such important claim (what would be the point?), and feel thus compelled to weight it in.

In parallel, China also deployed their sovereign funds to resource exploration domestically and abroad. On paper those investments were made at a loss, but the properties were prime exploration land bought for pennies. In 2006 they displaced South Africa as top world gold producer, launched a still ongoing "gold

savings” promotion campaign on their citizenry estimated by now at another 20 thousand tons, and continued still with government gold acquisition; all while pleading for a reorientation of the monetary system to a deaf, self absorbed Western leadership. One could do worse than giving peculiar attention to the meaning of the precious metals savings program to the public, and its implication for the strategic end game China envisions.

When Putin came to power, the Masters couldn’t care less; Russia had devolved to that proverbial gas station status. What they didn’t foresee was Beijing’s sudden maniacal stockpiling of resources shortly after Putin’s election. The more dollar printed the more commodities bought, triggering a brand new bull run culminating in 2008.

There’s one and only one thing China truly fears. That is shortage of essentials. While the grab in international resource markets certainly qualifies as a short term fix, the resulting price rise suddenly and dramatically altered for the best Russia’s prospects. As the bull advanced, many oligarch Bears resurrected a long neglected patriotic fiber that would firmly consolidate Putin’s stance. Thus it broke loose the US’s resource shackles it held over China’s continued development. Lastly, the resulting pressure on interest rates would prick the subprime bubble as a wake up call to the US, perhaps more like a punch in the nose really.

As the US stumble nearly brought down the EU with it, the community of nations realized how vulnerable the two main poles of the fiat system really were and began paying much closer attention to Chinese whispering. The following years saw an abundance of infrastructure and economic negotiations and deals that were threatening to crack open the dam and send splashing international dollar reserves onto the brick and mortar economy. Indeed China wasn’t gonna wait longer for the West to come to its senses.

The war of terror was then dramatically cranked up, with a special focus on the Middle East, to postpone what I like to call proto-BRI projects, hopefully indefinitely. Once more we need to pause a moment and consider how much desperation those “color spectacles” concealed underneath the apparent bravado. It all lies in the scale. Again, it’s one thing to discipline one defector such as Iraq and hope to handle the fall outs and unforeseeable consequences even if somewhat expensive, but to unleash chaos on the highest concentration of energy resource producing region in the world is a whole different game; closer to a redux WWI or II, but without essential control of the gold factor. Meaning, unless they somehow regain that lever, they already denied themselves the end game narrative.

One thing became clear though: the next major crisis would probably be fatal in the sense that Dollar hyper inflationary forces will be impossible to longer contain. Monetary mutiny of the unruly bunch – rogue states, international business – would become inevitable. So while NATO/US armies were doing what they do and CIA/MI6/Mossad/DGSE/... did their own, WEF's Great Reset was put in high gear as a counter offer to nascent BRI.

The Idea, as far as I can tell, rests on one essential premise. Technology has brought Humanity...sorry, has brought the Elites – and not just any Elites, but specifically western variety – at a Godlike status which enables them (but not you) to build the world of their choice, and create the fabric of reality as they see fit. At least as much has been spent on projecting this omnipotent imagery as has been spent on wars and foreign subversion. No wonder half the world or more, across all classes and populations, had fallen under the spell, not realizing the display of power has long relied more on a certain exorbitant privilege than technological prowess or scientific knowledge. Fascinating the self erasure from memory of how that privilege came to be; first the imposition of the US$ reserve with the backing of 2/3 of world gold reserves, then its gradual replacement with crushing military power, as yellow nuggets were thrown at the barbarians to defend the emerging paper fortress. How docile the widespread adoption of MMT by the academia to cover the blatant hijacking of the world economy, and the self indulgent pretense to carry a Great Reset with no gold and a putrefied military. Dumbfounding.

Anyway, back to our tale.

Suddenly a reinvigorated bear threw its heavy paws on Syria and Crimea, breaking the war of terror's momentum. Followed a extended period of mutual attrition, where the West was busy pumping up asset prices and fomenting increasingly impotent foreign interventions, while Russia and China were consolidating their base.

I love Elvira. She's my sweetheart, ma babe. Were I set to marry a central banker, she'd be the one. And if Putin is the Father of modern Russia, then Nabiullina is the fiercely protective Mother. Her handling of the Ruble attack after the Crimean intervention, was truly heroic. I can almost hear the strident cries from all her brats: the public, the business class, academia, media and the government, to lower rates and open wide the money spigot. Had she fallen under the pressure as they all do since Volker, had she not risen interest rates to 17%, the ruble would have been irrevocably broken. The entire economy would have loaded up on unsustainable debt that would trigger the familiar hyper inflationary trend common to US$ vassals going rogue with no understanding of

the money game (Zimbabwe, Venezuela, Turkey, Argentina…), and thus annihilated Putin's achievements on all fronts. Instead, by letting inviable western focused businesses fail, financial resources could flow to local production and eastbound and southbound ventures. As a result the economy cleansed itself of obsolete dead weights, excessive unserviceable debt, and business discipline was enforced, leaving it lean and mean, ready do tackle any future rough patch. Once the last treacherous FDI dollar and Euro left the space, the ruble stabilized, interest rates slowly normalized, dollar reserves now kept at strict minimum to cover trade requirements while overall reserves quickly recovered all losses. Sure some short term pain on certain sectors, but necessary and long term well worth it. No wonder Putin today would ask her for another term (note that he asked, she did not offer). With roughest seas ahead, he imperatively needs a proven captain that can handle any coming economic tempest.

What's funny, those accusing her of "Atlanticism" seem to have completely missed that her policies selectively strained precisely those western bent businesses, while protecting the Eurasianists and patriots. Some reproach her playing into IMF hands yet she kept the RCB free from its predatory loans, thus keeping Russia safe from the coercive influence. Go figure. Elvira's policies are best described as Classical, admittedly with some allowance for some serious wiggling on account of the extremely hostile, near or actual martial environment in which she must maneuver. Meaning she strives to basically mimic a gold standard in the absence of such under most adverse circumstances; while the "Glazyev" cohort have utterly sunk into MMT, the very theoretical frame that allows for all the western abuses. I mean no disrespect, it's not personal, but let it be said bluntly: Keynes and MMT are less economics, but more tortured mental circumvolution to justify the monopoly of currency creation, a constantly and conveniently updated "how to do" manual to drain wealth through inflation as efficiently as possible, and incidentally provide to the politicians and others inclined to be gods, the pretense they can elucubrate the economy and the Money of their whims.

After the Russian double intervention, the world discovered a limit to US military power. And many understood Xi Jinping's recent official launch of BRI had fangs too. And not just because of Russia. Progress in the PLA's missile defenses turned the China Seas into Beijing's ponds. It could now obliterate any ship, annihilate any military base within 1000 km of its shore. The construction of artificial island bases would further increase that range. US destroyers and carriers maneuvering in those seas resembled now a Greenpeace flotilla on parade, even more so because the bulk of Washington's resources were spent on their attempted "remapping" of Western Asia and likewise countering Chinese penetration in

Africa, all the while suffering mounting maintenance and moral deficiencies of its armed forces. South East Asia would start in earnest dedollarizing regional trade in favor of local currencies. US signed the JCPOA with Iran and initiated its pivot East, releasing the pressure in West Asia.

A similar dynamic took root in the EU sphere too – taking advantage of the same opportunity US overstretch provided – with North Stream 2 the most obvious manifestation, but also densification of railway freights from the East, engagement with Iran on the back of the JCPOA, Minsk agreement for Ukraine, increased Chinese presence in European maritime ports, and the growing use of the Euro in eastbound trade. Encouraged by the EU seeming newfound spine, however fleeting it would prove, the contagion spread to the Persian Golf and Africa, and Latin America, and then came Trump The Magnificent. The twitting Emperor, pfeeww... Can you feel the crescendo?

The Orange Guy was the perfect dude to try and "repair" the damage done with the disastrous, yet unavoidable (if they were to remain relevant in SEA) Pivot East strategic misstep. Well "repair" is too strong a word; the dollar was already way, way past salvaging by now. Orangeman with his twitting super power abilities was more like an American version diplomatic "Baba Yaga" of the John Wick vintage, designed to tear apart the rapidly progressing BRI and attending formations. His specific purposes were to discipline the EU mutineers, through the scrapping of JCPOA, installing a junky clown in charge of the Minsk agreement, and green lighting their Anglo accomplice's Brexit. Thus weakened, the EU could now fully support the "true" Ukrainian cause" and isolate itself, or suffer further damage in the form of increased terrorist activities, political scandals, a heating up in the Balkans, or which ever other trick Washington may have in store.

Our geostrategy geniuses concurrently charged him with setting the Abraham Accord, better referred to as the coalition of the useless and the unwilling, to enforce the canceled JCPOA, but which half the participants politely declined. Make Kim Jong-un an offer he could not refuse, but nevertheless was rejected; revived yet another coalitions, this time of the useless and clueless specie (Quad), in the hope it would deliver a substantial blow to China's posture in SEA. And similar "step in the plate" initiatives in Latin America and elsewhere.

The whole commotion had really only one possible (at least rational) purpose: force integrate BRI to the US$ system. Trump's trade war/talks were never meant to repatriate jobs as it would have reversed the all important dollar trade imbalance and "inflation export". The fact is that ever since the 2008 debacle, there was no remaining economic sector wide enough to suckle up the trillions

upon trillions discharged from the FED except for China and its silk road. Thus the liquidity was force fed almost exclusively to the financial markets instead, which were rapidly approaching insanity. Same was true with all dollar integrated fiat currencies as per dollar peg requirement (mentioned earlier) to sustain the constant dollar outflow. Although to be fair, the value of those currencies were now so dependent on that of their accumulated dollars (far above and away anything their national economy could ever hope to "back" on their own), the alternative, should any of the major currencies pull out of the inflationary spiral, would have meant immediate monetary collapse of the entire fiat charade. Hence surreal negative interest rates, 150T green energy conversion programs for an 80T global economy (does anyone even notice the debility here?), talks of universal wages, together with a few additional twists to an ever more haggard, vacillating, stepping on its own foot, drunken economic theory to explain the imponderable.

The real takeaway of his presidency is manifest in the "Russia Gate" phenomenon. It expressed a defining internal contradiction in the US pseudo strategy to counter China, and exposed the festering multidimensional dissensions across the entire imperial fabric. Unless Beijing is cut off from Russia, Washington's fooling around in SEA and elsewhere are essentially a nuisance or unwelcome distraction, an annoying fly in the nostril if you will. Disagreeable to the extreme, but ultimately nothing a vigorous sneeze can't handle, such as Russia's MSO to get rid of its own irritating bugs. "Trump Team", to carry its mandate, absent direct and total military confrontation which is impossible, had no other choice but offer Putin an equal or better deal than the Chinese. That deal could have been nothing less than full normalization of European/Russian relations (not that Russia would have fallen for it given past history). However, an EU/RF combo, shall it ever arise, would rival and exceed US power in short order, as well as reassess the Euro and Ruble relative strength in the international monetary order, and kick start dedollarization of the European sphere in line with SEA, thereby canceling any benefit or even possibility of a dollar integrated BRI. Damned if you do, damned if you don't.

They immediately realized the enormity the moment the "Trump card" hit the board. Open conflict broke loose between the American version "Atlantists" and "Eurasianists", as all understood that one side must be sacrificed, thus defining his failed presidential term. However it only highlighted what was already brewing in every nation on planet Earth for quite some time. Actually a more appropriate labeling would be the worldwide divide between financial interests and industrial ones. Or fiat, out of the blue, near space altitude interests, and real stuff ones, the kind that sweat and still obey the law of gravity.

With that eureka moment and following the self inflicted Trumpian carnage, they were running out of fools, orange or otherwise, willing to occupy the oval office's now red hot seat. Only a literally brain dead, semi conscious figure could possibly write the next chapter of our saga. And so entered Bubbly Biden.

A senile POTUS, in my eyes, is at least as relevant as Russia's operation Z in reading the tea leafs on the present global situation. It suggest we're pretty close to Mises' final collapse where no amount of new currency could save the day, possibly within this presidential term. For a while now JPMorgan Chase and HSBC have been acquiring vast amounts of silver and gold respectively. Note, to my knowledge, these are the only western banks accumulating PMs. It appears someones at the very top western echelon know somethings the rest don't, or are at least hedging their Great Reset bet. My fired up, already wild in the best of times, imagination believes those two institutions have been chosen as their Noah's Arcs to sail through the coming great deluge. The rest will perish.

And whom are the rest? These are the Davos crowd, WEF, Bilderberg or what ever preferred referential, and anything dwelling under their geographic reach. The ominous oracle came in the form of an abrupt zero to 10% increase in the REPO rate on September 17, 2019. Covid was their last attempt to remain relevant to their hidden handlers; by trying to engineer a controlled systemic meltdown that was meant to drag Russia and China into its vortex, because this Grand New World Order could never withstand a competing and functioning production based monetary system. But the latter were well prepared. The Russian economy was now mainly self sufficient, and China had accumulated such huge piles of resources, both could sustain an extended disruption in international trade. After that, the puppets were earmarked for the slaughterhouse of history while the Fed's assets jumped from 2T to 8T. For perspective, it took nearly 90 years to reach 800B, then a mere 20 years to total 2Ts, and 2 years to quadruple that amount.

I remember back in the late eighties when I started getting involved with markets, a FED intervention on the scale of hundreds of millions would be noticed, and a billion or two would be reason for great commotion in trading rooms. Through the nineties, we gradually got used to tens of billions, followed by hundreds of billions at the turn of the century, then swiftly moved to trillions before the first decade ended. In the past two years,at least 6 trillions, maybe eight or nine globally. When the next crisis hits, we'll be talking of 10 trillion packages. In a 300 trillion and climbing debt world, over which hoovers in levitation a supernatural 1 or 2 quadrillion derivative nebula, near zero interest rates and 8+% US inflation, it isn't hard to foresee a rapid accelerating succession of crisis spreading from sector to sector, country to country. 10T will turn to

100T, and then add a zero or two with each iteration. “Trillion” is a suitable word for planetary geological measurements and cosmological stuff: in human economics it’s a dirty word, blasphemous even. And “quadrillion” should be punishable by death (well… if I were in charge).

Once China lifted its COVID lock down and its economic indicator pointed up north again, it was apparent at last that a huge swat of the world could function with minimal western input. A fiat, debt based regime that has evolved on the back of the entire world cannot possibly perpetuate, let alone reinvent itself, with only a fraction of it. So while the puppets in Brussels, Washington, Davos etc.., are still driven by their own momentum, the Mr Xs behind JPMC and HSBC are busy making good use of the collective western folly to secure a reduced post reset sphere of influence. And so Ukraine is not about Russia, but against European Eurasianists and patriots, and severing all economic links to the East that could jeopardize said influence. It’s becoming increasingly apparent a similar scheme to lock in their Indo Pacific stooges through Taiwan will be attempted. However, apart maybe Japan, Australia and New Zealand, it is doubtful even South Korea would bite; the region is simply to intimately integrated to China’s economy. Oh, and let’s not forget that lame attempt centered around chaos sunk Israel to secure Golf Nobility oil and gaz.

Interestingly, just prior to Russia’s MSO in Ukraine, Putin and Xi signed a 20 year gaz deal to be settled in Euro. WTF, right? This can only be construed as a life line to a dollar decoupled Euro. Till the very last moment, both Russia and China believed/hoped that Europe would finally find the guts to let loose on US$ dependency, especially after signing the Comprehensive Agreement on Investments (CAI) with the latter. They could even have traded US protection racket against fabricated threats, for Russian S400 coverage and “hyper missile” deterrence against very real American coercion. But it seams the financial interests, which include not only the usual suspects such as banks, investment and pension funds, etc.., but also the tens and hundreds of million socially entitled cohorts, largely outweighed their industrialist or productive counterparts weakened by their mounting loss of direct access to cheap African (and other) resources, rendering them toothless in their power struggle.

Now, as the West has started the process of complete economic disintegration and fiat destruction, China, Russia, JPMC and HSBC are hoarding gold and silver; the rest of the world is busy catching up: 80% of the global south central banks intend to add to their gold reserves in 2022. Only two years ago they were the odd exception. It seems the once slow and hesitant trend has recently and suddenly acquired a new sense of urgency.

I think now is an appropriate time to address in more details the new international trade settlement currency attempt by the EAEU under Mr. Glazyev's leadership.

Truth be told, there's no fundamental need to develop such device, we already have one in gold. It is readily available with a proven track record, and is the most honest means to settle trade imbalances between sovereign nations, because it needs no esoteric equation formulated exclusively by a monetary high priesthood to determine its value. I'll spell it out: it leaves no room to cheat.

For all we know, it's a SDR type fiat currency basket "tied" to a commodity pool. In essence a replica of the basic petrodollar, only more formalized and inclusive, or more WOKE, or more LGBTQxyz like. As if factoring more nonsense to nonsense could make it rational in some weird translation of "minus multiplied by minus equals positive".

And one might ask: why is a non-gold commodity "backed" currency such a bad idea? Oh dear reader, I wish it were a rhetorical question so we could all have a good laugh and go home. In short the link is psychological at best, if you're easily impressed. It does nothing to preserve or even stabilize the issuance and purchasing power of the currency. Take the Russian Ruble for gas; its new found strength is only relative to a bunch of denominations loosing value at an 8+% rate, but it does nothing to shield the local economy from a still 10% inflation rate in direct proportion to excess issuance from the RCB. Now, in this particular case the 10% tag can be justified because Russia started from such a low base in 2000 with huge real pent up demand that until now makes it serviceable, as long as it's efficiently spent on necessary logistics and services that further real economic development. Also, the war like environment is further justification for temporary monetization of the impressive military upgrade, providing there is a clear plan to scale down once the threats are somehow neutralized. The high degree of monetary and economic mastery demonstrated on the ground, together with the ongoing gold reserves accumulation and recent tax exemption on gold transaction, strongly suggest the RCB is fully aware of an eventual necessary monetary anchoring at some point. Unfortunately there aren't many Elviras hopping around the bushes...

So reverting to our "commodity backed currency" topic, the only way to make it real (not subject to a central banker's good will) is an effective peg to a fixed price of the underlying commodity, a sort of Bretton Woods on commodity arrangement. But this opens up a huge new can of very dirty worms. It forces the issuer to divert an excessively large stock pile of commodity as reserves, thus drying up supplies on the market, exerting economically unbearable price

pressure and disrupting production queues. The buyer of commodity is now compelled to redeem currency for the cheap CB's reserves. The CB in turn can either retire those bills to maintain the peg and trigger a monetary quantitative collapse so to speak and instantly freeze the economy, which of course is unfathomable; or issue new currency to replenish reserves at the increased market price and adjust the peg higher, thus triggering simultaneously an inflationary spiral and an industrial production collapse. That is why the petrodollar could never truly be bound to oil; the only link was, and still is, US military threat. Commodities are meant for consumption and production. The cheaper, the more economic. Anything that unnecessarily makes them dearer, makes the economy uneconomic. That's a simple, easy to follow rule of thumb. It is why they should not serve as money, which does not mean they cannot be used as a means of exchange, in which case it must be treated as a barter contract. Gold is different in that it has no significant impact on industrial processes and can thus safely be hoarded as monetary reserves, without triggering the disruptive supply crunch price imbalances.

It all begs the question: what are these fine gentlemen at the EAEU aiming at? If I were a dried up cynic, I'd be tempted to conclude the purpose is to recuperate the dollar's exorbitant privilege to share among the participating players. Like it's bad when one guy (US) cheats, but if we all do then it's ok, never mind there's then no game left to play; in this one case, no economy left to plunder.

But I'm not a cynic, to the contrary, I always have my nose stuck up in the clouds and often step on crap. Besides, I must acknowledge the glaring paradox of Mr Xi and Mr. Putin's endorsement of this initiative, while accumulating what would seem disproportionately large gold reserves – that is, if the end game is what I'm inclined to call a "fiatly" backed commodity currency. Yet it could all make sense if we consider it an intermediary step towards a full fledged international gold standard.

An abrupt conversion to a gold standard would probably be lethal to a great many economies and political regimes on the planet, so it could stand to reason those great many would rather proceed (if at all) with the migration through a "buffer" system ,while traditional fiat denominated debts are being extinguished through hyperinflation. That assumes that over time the gold component of the reserves would gradually replace all others. But in the absence of more information regarding the valuation of such currency and how its constituent reserves are re-balanced with changing economic realities, this all remains phony, and honestly I'm not holding my breath.

Foremost because no such intention has been advertised or even hinted at. But also because the overwhelming economists today are the pure bred of a system that has successfully fooled itself into existence for so long, they lost touch of the underlying deception and confuses the resultant distorted reality as some new paleontology era in monetary evolution. But in 5000 years money didn't evolve anymore than water did in 40 billion years. It is what it is: gold. The fiat concept in essence is nothing new. It has already been tried from the dawn of time, in the form of seashells, pebbles or what have you not; the only notable difference being the authorities' exclusive right to harvest the modern mollusks. Yet, the old and the new both fail for the same basic reason: unlimited supply. What I'm clumsily trying to convey is that money must be "organic" to the economy. In other words, it must be a direct product of the economy, as any other goods, in order to "discover" prices reliably according to supply and demand, thereby modulating production; and not to be determined by some obscure committee behind closed doors in the deep of a secluded temple. That is, if the goal is a fair unit of account and dependable storage of value for all.

What does evolve though, are methods of payments and settling of accounts, and currencies which may either be the real thing (gold), or a derivative (gold backed), or fiat (mollusks) as we climb the evolutionary ladder. Crypto technology in this respect is probably one next step in this evolutionary thread, it remains to be seen in what capacity. But what should concern us most is the evolution of means and schemes to suck dry the purchasing power of the people's savings. For millennia it was a straight forward cheat on the metallic content of coins. The first real innovation came with the adoption of derivative currencies (certificate of deposits) and the fractional reserves policies it allowed, followed in 1668 with the creation in Sweden of Riksbank and its fractional reserves regulatory monopoly. Before that each bank was responsible for its own reserves management. If the public noticed abusive behavior, it would simple switch to a better managed institution, and the losses would be largely confined to the culprits on both sides of the ledger. Abuses were common and losses considerable. And so the many reckless would disappear themselves and the few prudent would prosper, and fierce competition at least insured no monopoly. Once centralized though, there were no choice left and the entire economy became hostage to one national monetary policy for better or worse, all for the greater good of course; and ultimately made possible the Rothschild dynasty and the present monstrosity we live in. Since the Sweden model's rapid adoption throughout a rising Europe, evermore imaginative and creative tools came to existence to physically further separate the world from its real savings and wealth, as these were replaced by evermore intangible, fluctuating and ultimately dissolving forms.

Before we all ride our high horses, the fact remains that the “fractional” practice and the differential interest rates it is based on, and which the so called modern economy derives from, could never have been without the full support and complicity of governments, legislators and the economic crowd as a whole (yes, yes, you and me included); all driven by mainly short term ignorant lust and greed in pursuit of happiness. It was and still remains a collective sin of Biblical or Quranic proportion, the kind that invites God’s wrath over the entire city.

And it is not just my feverish religious zeal for the forthcoming apocalypse speaking. The concept is based from the start on lies and misrepresentation. Usually presented as a white lie, or a sufficient enough approximation to the truth that it makes it acceptable. It assumes the chances of a call on all deposits at once is negligible, and that it can guarantee the account holder an interest return. Problem is the chances are actually pretty guaranteed catastrophes. Unexpected events, black swans, large and small are the fabric of life, and no return can ever be guaranteed. One can call it the monetarist’s original sin, if you will. And by the way, what was just described: “no risk and guaranteed income”, is the basic recipe for every Ponzi scheme, in case the irony didn’t register.

Hence, when watching a pack of good wishing suits consulting for a “new” currency, but unable or unwilling to recognize the fundamental turpitude at its core, and offer instead a more complex rearrangement of the deck together with a mere promise of better administration, skepticism is hard to resist. Do they even understand the topic? Am I being presumptuous?

More important yet, does Putin and Xi understand? I believe they secretly do.

My guess is that Mr Glazyev was sent to the EAEU to put him as far away from the Russian economy proper and mire him in no ending labirynthic discussions where he may do no harm. A sort of economist’s gulag. It may also be conceived as a focus point, a sticky fly paper, for the worldwide hordes of keynesian inspired economists, while the real game is being played unnoticed.

As for China, we know their methods. When an idea, good or bad, receives sufficient traction, their response: fine, show us in real time and limited space how it works out and have the practical results exposed for all to see. The project has been ongoing for quite some time now, but still no noticeable progress even at a preliminary agreement stage, not to mention practical results. Frankly I don’t believe it is even possible to devise a stable one size fits all synthetic currency for such a complex system as the international economy.

Of course this is all just one lone armchair “sort of analyst’s” opinion. But here are a few facts that need some answering before I consider changing my opinion.

- Why has China built up a tens of thousands unreported gold stocks that it keeps safely shielded form the current international banking system (and possibly the same situation in Russia)? What use for such gigantic volumes if gold is to be just one among 20 or more commodities backing an SDR style new world currency? Could they be keeping their powder dry for the eventual complete demise of all fiat systems and possibly even its root cause: the fractional reserve system?
- Why China is promoting for well over a decade now, savings in gold to its population?
- Why has Russia lifted VAT on gold transactions, thereby reinstating gold's function as money (as opposed to a mere commodity), thus tacitly inciting its saving?

Circumstantial? Maybe.

Meanwhile, as EAEU are talking (no doubt in lavish five stars setups), bilateral and regional trade settlements using local currencies are flourishing, and international CBs commitment to gold reserves are steadily growing, even accelerating. So clearly our two gentlemen and their trade partners, at the least, are not waiting for an SDR like breakthrough to advance their own "new monetary arrangements".

Now I'm not saying this "supra currency" wont see the light of day, and it might even start successfully. After all it's a feature of all ponzis that success lies at the beginning, not the end. Just bare in mind that the dollar's reserve status was first imposed on a super solid gold backing, then as that base eroded, it could depend on the US's overwhelming military superiority to prolong its lifespan. Now clearly gold will represent only a minute portion of the currency's reserves, and it is highly doubtful China will bring forward its hidden stash to complement it, hence its shelve life can be expected to prove considerably shortened. And neither will Moscow and Beijing militarily coerce its adoption. If they did we'd only be changing one master for another, with no fundamental change to the core rottenness, and they'd be setting themselves up for the exact same outcome as the US today, only in Asian clothes instead of Western. So yes it may happen, but China and Russia will (at most) only expose their current reserves as they officially stand now (mostly paper), and as a final demonstration of the fiat concept futility.

As a matter of fact it might be the only way to permanently discredit the notion of "artificial money". The vast majority that occupies the seats of power and academia, were born to the current system and are evidently incapable to imagine the alternative. To them the fundamental problem lies in the US or

Western “mismanagement” instead of the many internal contradictions and outright fallacies embedded in their concepts. Thus, they must be confronted with their own failure to “see the light”, and Putin and Xi will graciously provide them with the opportunity. The experiment will certainly be short lived because of the predictable lack of fiscal cohesion and discipline between the participants – EU style. But unlike Germany, neither Russia nor China will sacrifice its long term prosperity for the shortcomings of the rest. Meanwhile, those that gather sufficient gold in the interim will inherit the earth as equal sovereigns; the rest will be subservient until the day they decide to put their wallets in order.

Or I could be totally wrong… we’ll see.

Anyways, I tried throughout these lines, to draw a rough sketch, or perhaps caricature really, of how we came about to where we are, and to show empirically the last fifty plus years, as a long sequence of “pathologically-greedy-system” induced accidents begging to happen and consequent improvised responses, with the final outcome never in doubt. And then offered what I believe is the ultimate stake. I feel I still left out a ton. I’d have liked to address the main objections usually brought forward against gold, talk about the Economy’s nature and its fundamental function in human affairs, expose the politics and ideologies masquerading as various economic types, and the moral and philosophical (Islam) stand point that guide my understanding, and still more. But I also have the nagging impression that I have embarrassingly far exceeded my welcome, so I’ll keep it for some other day. Meanwhile, if you felt you’ve learned a little something today, if your curiosity was tickled, if you’ve been somewhat pushed out of your comfort zone, or God forbid, even outraged by some of my comments and smiled maybe once or twice along the way, then I’d consider my mission accomplished. In closing allow me to offer the following, taken slightly out of context but still the more relevant, quote.

“It is difficult to get a man to understand something when his salary depends upon his not understanding it”

– Upton Sinclair (1878-1968) –
